

City of Detroit

CITY COUNCIL

IRVIN CORLEY, JR.
DIRECTOR
(313) 224-1076

FISCAL ANALYSIS DIVISION
Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 218
Detroit, Michigan 48226
FAX: (313) 224-2783
E-Mail: irvin@cncl.ci.detroit.mi.us

ANNE MARIE LANGAN
DEPUTY DIRECTOR
(313) 224-1078

TO: Councilmembers

FROM: Irvin Corley, Jr., Director *LCJ*
Anne Marie Langan, Deputy Director *DML*

DATE: June 4, 2010

RE: DWSD Request for Authorization to Purchase Real Estate for the Construction of the Ready Road Pumping Station and Reservoir (Recommend Approval)

This item first came up before the Public Health and Safety Standing Committee on May 17, 2010. Council President Pro-Tem Brown asked this office to review the proposed transaction. We spoke with one of the Assistant Directors of the Water Department Ramesh Shukla to gather additional information.

The DWSD have had a problem of insufficient water pressure for the downriver communities close to Rockwood for some time and have planned to build a new pumping station to correct the problem. The department along with their land consultant have been searching for a parcel that fits their needs for over one year. There are engineering specifications that require a certain type of parcel.

DWSD believes that the parcel referred to as "1A" on the corner of Dixie Highway and Ready Road is the parcel best suited for this type of construction. It has excellent ingress and egress and is situated close enough to DTE lines that they will not have to be moved. The department was also considering the purchase of parcel "1B" which lies to the east of "1A". The price for "1B" is \$281,000 less than "1A"; however, the construction costs would be greater on "1B" and would exceed the savings from the price of the land.

The seller is RRK One LLC and the incorporation filings with the State are attached.

The Board of Water Commissioners approved this purchase at their March 24, 2010 meeting.

The original asking price for parcel "1A" was \$1 million and it was negotiated to \$600,000. DWSD had the Harbin Group appraise the parcels and "1A" came in at \$461,000. Further negotiations reduced the price to \$575,000. Because DWSD has been looking for land for over one year, they feel that this premium of \$114,000 is necessary to move forward with servicing the customers based on contracts that guarantee both flow and pressure commitments. Additionally, they feel there will be savings in construction due to the location.

Attachments

cc: Council Divisions
Auditor General
Pamela Turner, Director DWSD
Ramesh Shukla, DWSD
Kamau Marable, Mayor's Office

BCS/CD-700 (Rev. 12/05)

MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH BUREAU OF COMMERCIAL SERVICES		
Date Received	(FOR BUREAU USE ONLY)	
	This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.	
Name	Paul R. Fransway	
Address	24 Frank Lloyd Wright Drive	
City	State	Zip Code
Ann Arbor	Michigan	48105
		EFFECTIVE DATE:

Document will be returned to the name and address you enter above. If left blank document will be mailed to the registered office.

ARTICLES OF ORGANIZATION**For use by Domestic Limited Liability Companies**

(Please read information and instructions on last page)

Pursuant to the provisions of Act 23, Public Acts of 1993, the undersigned execute the following Articles:

B**ARTICLE I**The name of the limited liability company is: RRK One, LLC**ARTICLE II**

The purpose or purposes for which the limited liability company is formed is to engage in any activity within the purposes for which a limited liability company may be formed under the Limited Liability Company Act of Michigan.

ARTICLE III

The duration of the limited liability company if other than perpetual is: _____

ARTICLE IV

1. The street address of the location of the registered office is:

6579 S. Huron River Drive South Rockwood, Michigan 48179
(Street Address) (City) (ZIP Code)

2. The mailing address of the registered office if different than above:

_____, Michigan _____
(Street Address or P.O. Box) (City) (ZIP Code)
3. The name of the resident agent at the registered office is: Gregory Kelly**ARTICLE V** (Insert any desired additional provision authorized by the Act; attach additional pages if needed.)Signed this 20 day of August, 2006

By

Greg Kelly
(Signature(s) of Organizer(s))
GREG KELLY
(Type or Print Name(s) of Organizer(s))

08/21/2006 3:32PM

**MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH
BUREAU OF COMMERCIAL SERVICES**

Date Received

(FOR BUREAU USE ONLY)

This document is effective on the date filed, unless
a subsequent effective date within 90 days after
received date is stated in the document.

Trans Info: 1 2156121-1 09/21/06
Chk#: 91 amt: \$5.00
ID: D0776E

Name

Albert M. Rodriguez

Address

1182 Oak Valley Drive

City

Ann Arbor

State

MI

Zip Code

48108

FILED

P 21 2006

by Administrator
Bureau of Commercial Services

EFFECTIVE DATE:

Document will be returned to the name and address you enter above.
If left blank document will be mailed to the registered office.

**CERTIFICATE OF CHANGE OF REGISTERED OFFICE AND/OR CHANGE OF RESIDENT AGENT
For use by Domestic and Foreign Corporations and Limited Liability Companies**

(Please read information and instructions on reverse side)

Pursuant to the provisions of Act 284, Public Acts of 1972 (profit corporations), Act 162, Public Acts of 1982 (nonprofit corporations), or Act 23, Public Acts of 1993 (limited liability companies), the undersigned corporation or limited liability company executes the following Certificate:

1. The name of the corporation or limited liability company is:

RRK ONE, LLC

2. The identification number assigned by the Bureau is:

D0776E

3. a. The name of the resident agent on file with the Bureau is: Gregory Kelly

- b. The location of the registered office on file with the Bureau is:

6579 S. Huron River Drive South Rockwood, Michigan 48179
(Street Address) (City) (ZIP Code)

- c. The mailing address of the above registered office on file with the Bureau is:

6579 S. Huron River Drive South Rockwood, Michigan 48179
(Street Address or P.O. Box) (City) (ZIP Code)

ENTER IN ITEM 4 THE INFORMATION AS IT SHOULD NOW APPEAR ON THE PUBLIC RECORD

4. a. The name of the resident agent is: Albert M. Rodriguez

- b. The address of the registered office is:

1182 Oak Valle Drive Ann Arbor, Michigan 48108
(Street Address) (City) (ZIP Code)

- c. The mailing address of the registered office IF DIFFERENT THAN 4B is:

1182 Oak Valle Drive Ann Arbor, Michigan 48108
(Street Address or P.O. Box) (City) (ZIP Code)

5. The above changes were authorized by resolution duly adopted by: 1. ALL CORPORATIONS: its Board of Directors; 2. PROFIT CORPORATIONS ONLY: the resident agent if only the address of the registered office is changed, in which case a copy of this statement has been mailed to the corporation; 3. LIMITED LIABILITY COMPANIES: an operating agreement, affirmative vote of a majority of the members pursuant to section 502(1), managers pursuant to section 405, or the resident agent if only the address of the registered office is changed.

6. The corporation or limited liability company further states that the address of its registered office and the address of its resident agent, as changed, are identical.

Signature

Type or Print Name and Title or Capacity

Date Signed

Member

09/20/06

**MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH
BUREAU OF COMMERCIAL SERVICES**

Date Received

(FOR BUREAU USE ONLY)

FILED

This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.

SEP 21 2007

by Administrator

Bureau of Commercial Services

Tran Info: 13271730-7 09/21/07
Chk#: 13271 Amt: \$5.00
ID: IMAGEMASTER INC

Name

Business Filings Incorporated

Address

30600 Telegraph Road, Suite 2345

City

Bingham Farms

State

MI

Zip Code

48025-5720

EFFECTIVE DATE:

Document will be returned to the name and address you enter above.
If left blank document will be mailed to the registered office.

**CERTIFICATE OF CHANGE OF REGISTERED OFFICE AND/OR CHANGE OF RESIDENT AGENT
For use by Domestic and Foreign Corporations and Limited Liability Companies**

(Please read information and instructions on reverse side)

Pursuant to the provisions of Act 284, Public Acts of 1972 (profit corporations), Act 162, Public Acts of 1982 (nonprofit corporations), or Act 23, Public Acts of 1993 (limited liability companies), the undersigned corporation or limited liability company executes the following Certificate:

1. The name of the corporation or limited liability company is:

RRK ONE, LLC

2. The identification number assigned by the Bureau is:

D0776E3. a. The name of the resident agent on file with the Bureau is: **Albert M. Rodriguez**

b. The location of the registered office on file with the Bureau is:

1182 Oak Valley Drive**Ann Arbor****Michigan****48108**

(Street Address)

(City)

(ZIP Code)

c. The mailing address of the above registered office on file with the Bureau is:

1182 Oak Valley Drive**Ann Arbor****Michigan****48108**

(Street Address or P.O. Box)

(City)

(ZIP Code)

ENTER IN ITEM 4 THE INFORMATION AS IT SHOULD NOW APPEAR ON THE PUBLIC RECORD

4. a. The name of the resident agent is: **Business Filings Incorporated**

b. The address of the registered office is:

30600 Telegraph Road, Suite 2345**Bingham Farms****Michigan****48025-5720**

(Street Address)

(City)

(ZIP Code)

c. The mailing address of the registered office IF DIFFERENT THAN 4B is:

(Street Address or P.O. Box)

(City)

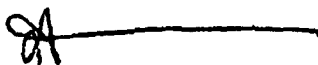
Michigan

(ZIP Code)

5. The above changes were authorized by resolution duly adopted by: 1. ALL CORPORATIONS: its Board of Directors; 2. PROFIT CORPORATIONS ONLY: the resident agent if only the address of the registered office is changed, in which case a copy of this statement has been mailed to the corporation; 3. LIMITED LIABILITY COMPANIES: an operating agreement, affirmative vote of a majority of the members pursuant to section 502(1), managers pursuant to section 405, or the resident agent if only the address of the registered office is changed.

6. The corporation or limited liability company further states that the address of its registered office and the address of its resident agent, as changed, are identical.

Signature



Type or Print Name and Title or Capacity

Albert M. Rodriguez, Member.

Date Signed

09/20/07

**MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH
BUREAU OF COMMERCIAL SERVICES, CORPORATION DIVISION
LIMITED LIABILITY COMPANY ANNUAL STATEMENT**

2008

Identification Number D0776E	Limited Liability Company Name RRK ONE, LLC
Resident agent name and mailing address of the registered office BUSINESS FILINGS INCORPORATED MI	
The address of the registered office 30600 TELEGRAPH RD STE 2345 BINGHAM FARMS MI 48025	

Electronic Signature		
Filed By ALBERT M. RODRIGUEZ	Title MEMBER	Phone 734-821-2511
<input checked="checked" type="checkbox"/> I certify that this filing is submitted without fraudulent intent and that I am authorized by the business entity to make any changes reported herein.		

Payment Information		
Payment Amount \$ 25.00	Payment Date/Time 01/04/2008 15:52:24	Reference Nbr 71315 6802 D0776E 2008

Required by Section 207, Act 23, Public Acts of 1993

INFORMATION & INSTRUCTIONS

Annual Statement must be signed in accordance with MCL 450.4103.

For Domestic Limited Liability Companies - It may be signed by a member, if managed by members, by a manager if managed by managers, or by an authorized agent of the company.

For Foreign Limited Liability Companies - Must be signed by a person with authority to do so under the laws of the jurisdiction of its organization.

April 9, 2010

The Honorable
Detroit City Council
Detroit, Michigan

Dear President Pugh and Council Members:

Regarding: Approval and Authorization to Purchase Real Estate for the Construction of Ready Road Pumping Station and Reservoir (08-49)

The Detroit Water and Sewerage Department (DWSD) has negotiated and executed new model water contracts with all its water wholesale customers. Included in these proposed model contracts is the guarantee of flow and pressure commitments that will provide a higher level of service to customers.

To achieve this objective, DWSD requests your approval and authorization to purchase an 8.05-acre parcel in the Village of South Rockwood, Michigan for construction of the Ready Road Pumping Station and Reservoir, at a cost not to exceed \$575,000.00. The proposed site acquisition is located at Ready Road and Dixie Highway. The station will service the downriver communities of Berlin, Flat Rock, Gibraltar, Brownstown, Rockwood, and South Rockwood, and provide an emergency supply of water to the southern most communities served by the Allen Road water main. The new facilities will also provide increased security, redundancy and reliability for the entire system.

BACKGROUND:

Two (2) particular parcels at that location had been identified for consideration. Parcels 1A and 1B (site map attached) were considered best suited for the station. Negotiations between the owner, RRK One, LLC and the Land Group, (DWSD's acquisition consultant), initially resulted in a reduction of the asking price for Parcel 1A from \$1,000,000.00 to \$600,000.00, and an asking price of \$400,000.00 for 1B. The parcels were appraised at \$461,000.00 for 1A and \$294,000.00 for 1B. The owner has agreed to a price of \$575,000.00 for Parcel 1A. The Harbin Group Inc. did the appraisals. All costs associated with this transaction will be borne by the user communities.

The Engineering Services Division of DWSD has recommended the Department acquire Parcel 1A. The corner location minimizes the costs associated with relocating the existing infrastructure to a new station. The Division feels that while Parcel 1B is cheaper, the difference in price is mitigated when the relocation costs are factored in which could well exceed the difference in price.

THURSDAY MAY 06 2010

*BB in one week;
Refer to Fiscal for
report for title*

At its meeting of March 24, 2010, the Board of Water Commissioners approved entering into a purchase agreement for this parcel. It is respectfully requested that your Honorable Body adopt the attached resolution approving and authorizing the parcel purchase, as agreed to by the Board of Water Commissioners and RRRK One, LLC and authorize the Director to execute all documents related to the completion of this transaction.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Pamela Turner".

Pamela Turner
Director

PT/cds

Attachment(s)

RESOLUTION

BY COUNCIL MEMBER_____

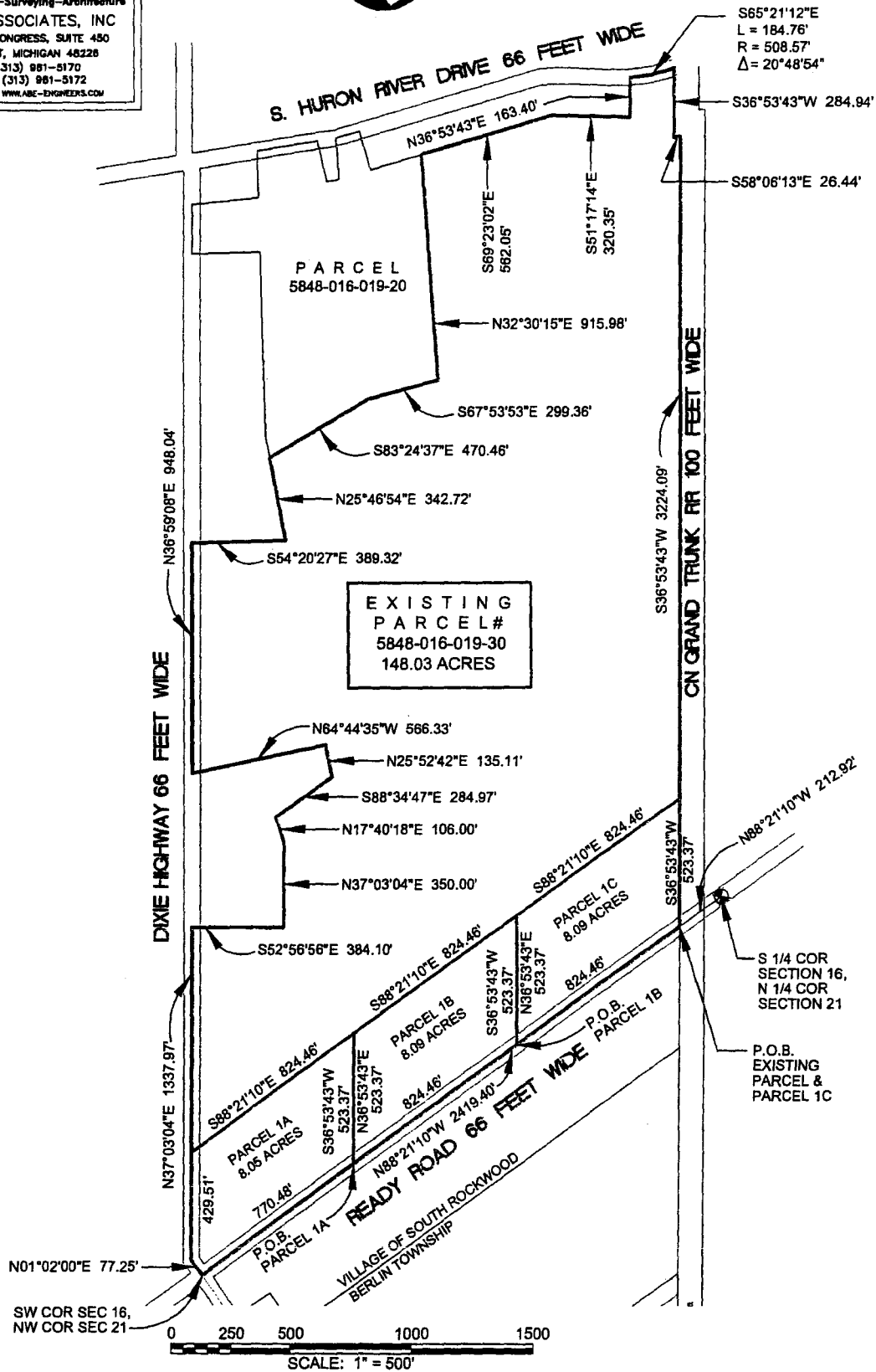
RESOLVED, that the Detroit Water and Sewerage Department is authorized to purchase the following parcel for the construction of the Ready Road Pumping Station and Reservoir located in South Rockwood, Michigan at a cost not to exceed \$575,000.00.

The parcel more particularly described as follows:

Legal Description of Parcel:

RESOLVED, that the Director of the Detroit Water and Sewerage Department is authorized to execute the purchase agreement, closing statement and such other closing documents as the Law Department may deem necessary or desirable to effectuate the closing of this transaction.

APPROVED:



CLIENT: DETROIT WATER AND SEWERAGE DEPARTMENT
ADDRESS: 735 RANDOLPH STREET
CITY, STATE & ZIP: DETROIT, MICHIGAN 48226
CITY: S. ROCKWOOD SEC.: COUNTY: WAYNE
DATE: 10-08-2009 DRAWN BY: A.S.A.
JOB No: 200143 APPROVED BY: D.K.
SCALE: 1" = 500' SHEET No: 2 OF 2
BOOK/PAGE: N/A

PROJECT
READY ROAD
PUMP STATION

SHEET TITLE
CS-1407 TASK No.8
PARCEL EXHIBIT "B"
OPTION 1

RESOLUTION

BY COUNCIL MEMBER _____

RESOLVED, that the Detroit Water and Sewerage Department is authorized to purchase the following parcel for the construction of the Ready Road Pumping Station and Reservoir located in South Rockwood, Michigan at a cost not to exceed \$575,000.00.

The parcel more particularly described as follows:

Legal Description of Parcel:

PARCEL 1A

A PARCEL OF LAND LYING IN PART OF SECTION 16, TOWN 5 SOUTH, RANGE 10 EAST, DESCRIBED AS: BEGINNING AT A POINT ON THE SOUTH LINE OF SAID SECTION 16 (ALSO BEING THE CENTERLINE OF READY ROAD 66 FEET WIDE) DISTANT N88°21'10"W 1861.84 FEET FROM THE SOUTH QUARTER CORNER OF SAID SECTION 16 AND PROCEEDING THENCE ALONG SAID SOUTH LINE OF SECTION 16, THENCE N88°21'10"W 770.48 FEET TO THE SOUTHWEST CORNER OF SAID SECTION 16; LYING ON THE CENTERLINE OF DIXIE HIGHWAY (66 FEET WIDE); THENCE N01°02'00"E 77.25 FEET ALONG SAID CENTERLINE; THENCE N37°03'04"E 429.51 FEET ALONG SAID CENTERLINE; THENCE S88°21'10"E 824.46 FEET; THENCE S36°53'43"W 523.37 FEET TO THE POINT OF BEGINNING. CONTAINING 8.05 ACRES MORE OR LESS.

RESOLVED, that the Director of the Detroit Water and Sewerage Department is authorized to execute the purchase agreement, closing statement and such other closing documents as the Law Department may deem necessary or desirable to effectuate the closing of this transaction.

APPROVED: